

**3-1-20.1 Grounds for judicial dissolution.**

- (1) An association may be dissolved in a proceeding by the attorney general if it is established that the association:
  - (a) obtained its articles of incorporation through fraud; or
  - (b) has continued to exceed or abuse the authority conferred upon it by law.
- (2) An association may be dissolved in a proceeding brought by a shareholder if it is established that:
  - (a) the directors are deadlocked in the management of the association affairs, the members are unable to break the deadlock, irreparable injury to the association is threatened or being suffered, or the business and affairs of the association can no longer be conducted to the advantage of the members generally, because of the deadlock;
  - (b) the directors, or those in control of the association, have acted, are acting, or will act in a manner that is illegal, oppressive, or fraudulent;
  - (c) the members are deadlocked in voting power and have failed, for a period that includes at least two consecutive annual meeting dates, to elect successors to directors whose terms have expired or would have expired on the election of their successors; or
  - (d) the association's assets are being misapplied or wasted.
- (3) An association may be dissolved in a proceeding by a creditor if it is established that:
  - (a) the creditor's claim has been reduced to a judgment, the execution on the judgment has been returned unsatisfied, and the association is insolvent; or
  - (b) the association is insolvent and the association has admitted in writing that the creditor's claim is due and owing.
- (4) An association may be dissolved in a proceeding by the association to have its voluntary dissolution continued under court supervision.

Enacted by Chapter 70, 2003 General Session